

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6933

BILL NUMBER: HB 1153

DATE PREPARED: Jan 31, 2002

BILL AMENDED: Jan 31, 2002

SUBJECT: Teachers Employed at State Institutions.

FISCAL ANALYST: Chuck Mayfield

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill specifies a grievance procedure for teachers who are employed by the state. It specifies that the salary schedules for compensation of teachers at state institutions must: (1) include a daily rate of pay, and an additional amount that equals the total amount of employer contributions made to all local retirement plans; and (2) be equal to the salaries and the employer contributions to local retirement plans paid by the school corporation having the greatest enrollment in the county where the employing institution is located. The bill requires the state to provide a group health insurance program to retired state employees who were employed as teachers if the person was employed and participated in the employee's retirement fund for 20 years of which at least 10 years were immediately preceding retirement. It makes conforming amendments.

Effective Date: July 1, 2002.

Explanation of State Expenditures: *Grievance Procedures:* The grievance procedure specified by the bill will have little or no fiscal impact.

Background Information: There are about 497 teachers in these state institutions with total salaries of about \$29.3 M.

Compensation Benefits: The impact of including the employer contribution to local retirement plans in the salary schedule is unknown, but could be significant. The state has required local schools to actuarially fund early retirement benefits and has allowed schools to issue bonds to fund the current benefits. If the employer cost for early retirement was 3% of salary, then the state impact would be about \$879,000.

Group Health Insurance: The bill allows a state employee who taught in a state institution under the Department of Correction, the Division of Disability, Aging, and Rehabilitative Services, the Division of Mental Health, the Indiana School for the Blind, the Indiana School for the Deaf, the Indiana Soldiers' and

Sailors' Children's Home, or Silvercrest Children's Development Center who retired between age 55 and 65 with 10 years of service immediately prior to retirement or 20 years of total service to participate in the state health insurance program. Currently, an employee would need 15 years of service to participate in the health insurance plan. The number of people who would qualify is unknown, but the impact would probably be minor.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Personnel, Department of Correction, the Division of Disability, Aging, and Rehabilitative Services, the Division of Mental Health, the Indiana School for the Blind, the Indiana School for the Deaf, the Indiana Soldiers' and Sailors' Children's Home, and Silvercrest Children's Development Center

Local Agencies Affected:

Information Sources: Keith Beesley Department of Personnel , 317-232-3062